

United States Court of Appeals
FOR THE NINTH CIRCUIT

SHAPIRO, BERNSTEIN & CO., INC.,

Plaintiff-Appellant,

vs.

4636 S. VERMONT AVE., INC., a California Corporation,
doing business as Reed's Music Store,

Defendant-Appellee.

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**BRIEF OF MUSIC PUBLISHERS' PROTECTIVE
ASSOCIATION, INC., *AMICUS CURIAE***

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STATUTE

Copyright Act, U.S.C. Title 17:

Section 1(a)	1, 24
Section 101(a) and (b)	1, 24

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 20368

SHAPIRO, BERNSTEIN & Co., INC.,

Plaintiff-Appellant,

vs.

4636 S. VERMONT AVE., INC., a California corporation,
doing business as REED'S MUSIC STORE,

Defendant-Appellee.

BRIEF OF *AMICUS CURIAE*

Statement

This brief, of Music Publishers' Protective Association, Inc., *amicus curiae*, is submitted upon the written consent of both parties to the case, heretofore filed herein, and it is accompanied by proof of service on both of said parties. It is addressed to that part of the District Court's Findings of Fact and Conclusions of Law, and the Judgment made and entered pursuant thereto (R. 225-237, all references preceded by "R" being to the Transcript of Record), which involve § 1(a) and construe § 101 (former § 25) (a) and (b) of the Copyright Act, Act of March 4, 1909, c. 320, 35 Stat. 1075 *et seq.*, U.S.C. Title 17, as amended (pertinent parts "Appendix A" and "Appendix B").

Plaintiff's Respective Causes of Action

Plaintiff is a music publisher. Each of plaintiff's twelve causes of action is for the infringement by defendant of the copyright in one of plaintiff's musical compositions, protected under the copyright laws of the United States, by the unauthorized sale for defendant's own profit and gain, of a book entitled "Over 1000 Favorite Standard Songs, Volume 1" (Plaintiff's Exhibit "1") containing said twelve musical compositions, the music and lyrics of which compositions were printed, reprinted, copied, vended, arranged and adapted, as a part of said book, without the consent or authorization of plaintiff (R. 2-28).

Plaintiff's prayer for relief is for an injunction and that "defendant be decreed to pay to plaintiff such damages as plaintiff has suffered due to defendant's said unlawful acts, as well as all the profits which defendant has made from said unlawful acts, or in lieu of actual damages and profits, not less than the statutory minimum damages of two hundred fifty dollars (\$250) for each infringement of each copyright hereinabove set forth, in accordance with the provisions of the Act of Congress in such cases made and provided, making a total of not less than three thousand dollars (\$3,000)" (R. 28, 29).

The District Court's Pertinent Findings of Fact

The District Court found (references being to the respective paragraphs, R. 226-232):

1. Defendant "is and at all times herein mentioned was a corporation . . . doing business as Reed's Music Store, at 4636 South Vermont Avenue, in the City of Los Angeles, State of California, Southern District of California.

Central Division. Defendant is primarily engaged in the sale of musical instruments, but about one-half of one per cent of its total sales is from musical compositions" (Par. 2).

2. "On or about June 13, 1962, defendant sold, distributed and vended to T. Tempesta one book entitled 'Over 1000 Favorite Standard Songs, Volume 1', hereafter referred to as the Book, which is a compendium of musical compositions" (Par. 3).

3. That "plaintiff at all times material to this action has been and still is the sole and exclusive proprietor of" twelve "of said musical compositions and the copyrights thereof and all rights thereto and thereunder", including "the exclusive right to print, reprint, copy, vend, arrange and adapt the music and lyrics of each of said musical compositions" (Par. 9(c)).

4. "Mr. Mel Alan, the person from whom defendant purchased the Book, had no consent or authority of plaintiff to print, reprint, copy, vend, arrange or adapt the music and lyrics of each of said musical compositions" (Par. 9(d)).

5. "Defendant sold, distributed and vended the Book containing the copies of said musical compositions . . . for defendant's own profit and gain" (Par. 10).

6. "The actual profits made are trivial but not difficult to ascertain. The defendant paid \$5.90 for the Book and sold it for \$25.00. Its total profit for the entire Book would be \$19.10, without deducting overhead. But since the book contained 1,000 songs, each song contributed .191 cents to the overall profit; hence the defendant made a profit of 22 plus cents from the sale of the twelve infringing songs" (Par. 16).

7. "There is no evidence of any damage to the plaintiff" (Par. 17).

8. "Prior to the service of the summons and complaint in this action, the defendant did not know that the songs in the Book were copyrighted, did not know that the plaintiff or anyone else had any rights in the songs, did not know that the purchase and sale of the Book would infringe any rights of plaintiff or any other person, and did not know that the publishers of the Book were infringing any rights of plaintiff" (Par. 18).

9. "The acts of defendant in selling, distributing and vending the Book were committed without knowledge of the rights and copyrights of plaintiff in and to each of the musical compositions" (Par. 19).

10. "Defendant did not intend to infringe" (Par. 20).

11. "On October 29, 1964, defendant offered a judgment in the amount of \$50.00, which was rejected by plaintiff. The case thereafter went to trial in November, 1964, on the issue of damages" (Par. 21).

12. That "plaintiff's prosecution of this suit on the theory that statutory damages were mandatory was not in good faith and was without any reasonable belief in the merits thereof. Plaintiff knew or should have known, in view of the Supreme Court decisions, that the argument lacked merit" (Par. 27).

13. "Defendant is a small family corporation engaged primarily in the business of the sale and rental of pianos and organs. . . . Mr. and Mrs. Jerry Bleeker are the president and vice-president, respectively, and Mr. Bleeker owns the majority of the stock. The defendant has three employees other than the Bleekers. The Court takes judi-

cial notice of the disparity between the financial resources of plaintiff and defendant'' (Par. 28).

14. ''The Court finds defendant's reasonable attorneys' fees to be \$1,500.00 for the period after October 29, 1964'' (Par. 29).

15. ''From the evidence in the case, the Court is not justified in concluding that there is any threat by the defendant to sell or continue to sell any of the copyrighted compositions, without plaintiff's permission'' (Par. 31).

16. ''Plaintiff's request for an injunction will be denied'' (Par. 32).

17. ''Plaintiff shall take nothing'' (Par. 33).

SUMMARY OF ARGUMENT

I

The District Court held that defendant infringed plaintiff's copyrights in the twelve songs yet the Court penalized plaintiff as the purported guilty party, based upon its untenable conclusions.

The District Court concluded: ''Defendant infringed plaintiff's copyrights in the twelve songs set forth in Paragraphs 5 and 7 of the Findings of Fact'' (Par. 2, references being to the respective paragraphs of the Court's conclusions of law, R. 232-233). Yet the Court penalized plaintiff, based upon the following untenable conclusions:

1. The amount plaintiff is entitled to recover ''is *de minimis*'' (Par. 3).

2. ''If either profits or damages are ascertainable'', the \$250 statutory minimum in Section 101(b) of the Act

“need not be resorted to. *Sheldon v. Metro-Goldwyn Corp.*, 309 U. S. 390 (1940)” (Par. 4).

3. The \$250 minimum provision “is the equitable substitute for cases which presented impossibility of proof as to damages and profits. *Douglas v. Cunningham*, 294 U. S. 207 (1935). Where no such difficulty exists, and where, on the contrary, exact proof of profits has been made and no other damages shown for the violation, there is no need to resort” to the \$250 statutory minimum (Par. 5).

4. The defendant, as the prevailing party, is entitled to costs including a reasonable attorney’s fee (Pars. 7, 8).

5. The plaintiff having commenced and prosecuted the action “in bad faith or unfairly, without justification, and without any reasonable belief in the merits of the claim alleged”, an award of attorney’s fees to defendant is justified (Par. 9).

6. The plaintiff, a large corporation, having placed “an economic burden on a small defendant in order to force the defendant to yield to its unjust demands, attorneys’ fees are properly awarded to the defendant and prevailing party” (Par. 10).

II

The District Court’s determination was predicated upon an erroneous conception of the applicable legal principles.

Following are the untenable grounds upon which the adverse determination to plaintiff was based (all references being to the respective paragraphs R. 226-233, F. denoting Finding and C. denoting Conclusion):

1. There can be no recovery for an infringement in the absence of knowledge and intention (F. 18, 20).

2. The extent of plaintiff's proof of profits and damages is a material factor in determining its right of action (C. 3).

3. If either profits or damages are ascertainable, although trivial, there is no requirement to award the \$250 statutory minimum (C. 4).

4. There must be an impossibility of proof of both damages and profits, to require the award of the \$250 statutory minimum (C. 5).

5. That plaintiff's prosecution of this action on the theory that the \$250 statutory minimum was mandatory, although the Supreme Court decisions were to the contrary, was not in good faith and was without any reasonable belief in the merits thereof (F. 27).

6. That the Court takes judicial notice of the disparity between the financial resources of plaintiff and the defendant (F. 28).

7. That in view of the foregoing, defendant is the prevailing party and entitled to costs (C. 7).

8. The plaintiff, (a) having commenced and prosecuted this action in bad faith and unfairly, without justification and without any reasonable belief in the merits thereof and (b) being a large corporation which placed an economic burden on a small defendant, in order to force the defendant to yield to its unjust demands, attorneys' fees of \$1,500.00 should be awarded to defendant as the prevailing party (F. 30, C. 9, 10).

III

The inequity of the judgment entered pursuant thereto.

In accord with the foregoing, the Court adjudged "that plaintiff take nothing, that the action be dismissed on the merits, and that the defendant recover of the plaintiff its costs of action, including \$1500.00 as reasonable attorneys' fees" (R. 236).

IV

The District Court's determination that lack of proof of damages does not compel resort to the \$250 statutory minimum was directly contrary to its position upon the trial.

This is confirmed by the following discourse (RT 141, 143, all references preceded by RT being to the Reporter's Transcript Of Proceedings):

"The Court: What damages have they proved?

Mr. Hornbaker: They haven't proven any damages.

The Court: Well, if they haven't proven any damages, doesn't the statute come into effect?

Mr. Hornbaker: No it doesn't. No, it does not because the statute never comes into effect until the Court, in its discretion decides to impose the statutory minimum damages.

The Court: Well doesn't the cases say where the proof is lacking, proof of damages lacking, that the court then has resort to the statutory minimum damages?

* * * * *

The Court: Yes, but tell me precisely what you think their damages were, maximum. You say they prove nothing. Now, they proved something. Either they have proved something or it seems to me that the statutory minimum goes into effect."

V

The president of defendant having purchased the books under the most suspicious circumstances with conceded knowledge of their infringing content, the District Court's censure of plaintiff was a wholly unfounded abuse of plaintiff's impregnable legal status.

Contrary to the District Court's determination, intention to infringe is not essential under the Act and unconscious plagiarism is actionable as much as deliberate.

Even upon the trial the Court ruled directly contrary to its subsequent determination. "The Court: All you have is one sale here. All the other sales were admitted to counter the defendant's contention that they have no intent to violate the statute. I don't think that intent makes any difference" (RT 131). However, the Court's subsequent finding to the contrary, of defendant's unquestionable innocence, was the material factor in influencing its unprecedented adverse determination to plaintiff. In this respect, it is noteworthy that the Court disregarded the testimony of defendant's president, which was completely at variance with the Court's said finding.

Following are the pertinent references to the testimony of defendant's president, Jerome Bleeker:

1. He was "actively in charge of the business of the corporation as its president" (RT 53). The principal business of defendant was the retail sales and rentals of "pianos and organs" (RT 53). The sale of musical compositions was not "generally" a part of defendant's business activities (RT 59).

2. He was a professional musician. For "20 years", prior to organizing said business he had been "a pianist in an orchestra" and subsequently he was a "rehearsal pianist" in a "motion picture studio" (RT 86, 87, 113).

3. The term "fake book", as applied to the book containing the infringing compositions, "was just a group of songs put in a book form". If "a request is made to play a number in it, and you don't have the music, we, as musicians, would play the melody by memory and fake the harmony", so "that 'faking' really means faking in the harmony" (RT 54, 110).

4. The books were purchased from a party giving the name of "Mel Alan", who had called him on the telephone and subsequently came to defendant's place of business. He did not "recall" that Alan had a business card, the only address given him by Alan being a box number (RT 56, 60). He did not "question Mr. Alan at all about the background of the books, or where he obtained the material that was in them" and Alan did not "volunteer any information about that" (RT 58). He did not inquire of Alan "as to what publishing house or publisher he represented". He "just took for granted that he had the right to sell the books and which in turn should give me the right to sell them to the public", even "though his name does not appear anywhere on the books or any other publisher's name or distributor's name" (RT 124, 125).

5. He was familiar "with the form of copyright notice" appearing on musical publications, the "C" with a circle around it and then the "name of a person or the company as the copyright owner". Yet he did not "at any time from the time" he first had a conversation with Alan "intentionally or otherwise look at the inside and notice there was no copyright designation on any of the songs". He never "looked at them for that purpose" and he "didn't in just leafing through it, happen to notice that there was no copyright designation" (RT 87). If he would be asked if plaintiff's compositions were copyrighted he "would probably have to say" that he "would know that" (RT 89). That he "knew as a general matter", that "popular songs", as contained in the book, "were copyrighted" (RT 123).

6. There was no "title page", the "normal type of page, first page in the book, that has, like the cover, the name of it, and the publisher, and such information as that" (RT 99). He "was familiar with music collections, books, and sheet music", and knew "that they normally carried the name of the publisher and the date of the publication" as well "as the copyright notice" (RT 100, 101).

7. It came to his "notice" in his "examination" of the book "that the music scores as they are in there, and the words are in typescript in most cases rather than in printing", whereas "in volumes of authorized music" that he had "handled they are almost always printed" (RT 101).

8. That he could not "recall" having ever previously seen "any printed version of a song" that did not show the names of "the composer and lyricist" (RT 95).

9. The purchase price of the books was \$5.75 except in one instance it was \$5.90, whereby he obtained "a thousand songs of this caliber for \$5.75 which would result in a net price per song of one-half cent". He had never "seen a bargain like this before" (RT 103). The sales slip for this particular sale by defendant to a Mr. Tempesta was for \$25. However he "had no standard price". The salesman would know the cost "and we just sort of agreed, depending if it was a customer or who it may be, why, we would price it accordingly". However, the defendant did not "have any records which show the amount of money" obtained "from any one of the Volume No. 1's other than this sales slip made out to T. Tempesta". He "would have no way of knowing it". Accordingly, from his "records" he could not "determine the amount" received "from the sales of the other No. 1 books", or "for the sales of any of the other types of fake books" that he sold (RT 81-83). He thought it was "a good buy" for the customer "to get a thousand favorite songs in one book for a price of \$25 or less" and

wished he "would have had the opportunity" when he "was playing" (RT 90).

10. That, in accord with his prior testimony "any accounting journals or sales records sales slips or invoices or ledgers relating to the sales of 'Volume 1' of these fake books would not be identifiable as such" because he did not "enter that particular identification" on his records (RT 90, 91). After the initial purchase he had placed reorders for the books, because of the "market for them" and the "very good profit" he made. However, he had no definite recollection as to the total number he had purchased or how many he still had on hand (RT 60, 75, 80).

11. Because of the all too obvious infringing content of the book, he necessarily anticipated that eventually something would go wrong. This was confirmed by a communication from him to Alan of May 28, 1962, wherein, in referring to a reorder for copies of the book he stated "On May 4, you told me that you would send it charge as usual. Has something gone wrong?" (RT 75, 76). His fears were well grounded, for upon the trial there was received in evidence, without objection (Exhibit 4), four documents showing the subsequent "conviction of Mel Alan". One of the documents was "a certified copy of the indictment" in "the matter entitled United States of America v. Irwin Seymour Rosenberg, also known as Irwin Rogers, also known as Bob Adams, and Melvin Armand Gershwin, also known as Mel Alan". The other three documents were certified copies of the transcript of the proceedings. "These four documents show the indictment, conviction, sentencing, and revocation of probation of the person known as Mel Alan" (RT 22, 23).

ARGUMENT

I

Defendant's purported lack of knowledge or intent can not affect its liability for the infringements.

As was said in *Buck v. Jewell-La Salle Realty Co.*, 283 U. S. 191, 198, "Intention to infringe is not essential under the Act."

In *Shapiro, Bernstein & Co., Inc. v. H. L. Green Company*, 316 F. 2d 304, 308 (2 Cir.), wherein counsel for *amicus curiae* herein was counsel for plaintiffs, the Court said that "Courts have consistently refused to honor the defense of absence of knowledge or intention." The Court, likewise, said (p. 309), "Indeed, the record in this case reveals that the 'bootleg' recordings were somewhat suspicious on their face; they bore no name of any manufacturer upon the labels or on the record jackets, as is customary in the trade," which is pertinent to the facts in the instant case.

In *Shapiro, Bernstein & Co., Inc. v. Goody*, 248 F. 2d 260, 261, 264 (2 Cir.), cert. den. 355 U. S. 952, wherein counsel for *amicus curiae* herein was likewise counsel for plaintiffs, the Court said, "On both disk and jacket the customary disclosure of the manufacturer was absent except for the cryptic reference to 'A.F.N.' . . . When dealing with unknown manufacturers the burden on the purchaser for resale to exercise caution is no greater than that required of the buyer of any merchandise which might infringe", citing *F. W. Woolworth Co. v. Contemporary Art*, 344 U. S. 228.

In *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, 102 F. 2d 282, 283 (8 Cir.), the Court said, citing and following *Buck v. Jewell-La Salle Realty Co.*, *supra*, "Nor is an intention to infringe the copyright essential under the Copyright Act".

In the very case of *Malsed v. Marshall Field & Co.*, 96 F. Supp. 372, cited by the District Court herein (243 F. Supp. 999, 1000), the court said (p. 375), citing and following *Buck v. Jewell-La Salle Realty Co.* and *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, *supra*, "For infringement lies in the act of infringing, and not in the intention with which it is done."

To the same effect:

De Acosta v. Brown, 146 F. 2d 408, 410, 411 (2 Cir.), cert. den. 352 U. S. 862.

II

The District Court having concluded that defendant infringed the respective copyrights in plaintiff's songs and that there was no proof of damages the Court was bound by the \$250 statutory minimum for each infringement.

In *Westermann Co. v. Dispatch Co.*, 249 U. S. 101, 102, one of the questions for consideration was "whether the damages should have been assessed at not less than \$250 for each case".

The Court held (p. 106) "that in every case the assessment must be within the prescribed limitations". The Court quoted (p. 108) from *Brady v. Daly*, 175 U. S. 148, wherein the court said, "In the face of the difficulty of determining the amount of such damages in all cases, the statute provides a minimum sum for a recovery in any case, leaving it open for a larger recovery upon proof of greater damage in those cases where such proof can be made". The Court then said (p. 109): "It was after the minimum limitation was thus recognized as of controlling force in the assessment of the damages that the terms of the provision then under consideration were substantially

repeated in the 'in lieu' provision of the revised act. This hardly would have been done had it not been intended that the limitation should be as controlling there as in the earlier statute''.

In accord therewith, the Court determined (p. 109) that "the District Court erred in awarding less than \$250 damages in each of the seven cases''.

In *Fred Fisher, Inc. v. Dillingham*, 298 Fed. 145, 152 (S.D.N.Y., L. Hand, D. J.), wherein counsel for *amicus curiae* herein was counsel for plaintiff, cited in *Jewell-La Salle Realty Co. v. Buck*, *infra* (p. 205), the court said that "section 25 (Comp. St. § 9546) fixes a minimum of \$250, which is absolute in all cases. Since *Westermann Co. v. Dispatch Co.*, 249 U. S. 100, 39 Sup. Ct. 194, 63 L. Ed. 499, any doubts reserved in *Hendricks Co. v. Thomas Pub. Co.*, 242 Fed. 37, 154 C.C.A. 629 (CCA 2), are laid. Therefore I must and do award that sum as damages."

In *Jewell-La Salle Realty Co. v. Buck*, 283 U. S. 202, 203, "Question II", certified by the Court of Appeals was "In a case disclosing infringement of a copyright covering a musical composition, there being no proof of actual damages, is the court bound by the minimum amount of \$250 set out in the so-called 'no other case' clause by Section 25(b) of the Copyright Act (17 U.S.C., Sec. 25), reading 'and such damages shall in no other case exceed the sum of \$5,000 nor be less than the sum of \$250, and shall not be regarded as a penalty?' "

The Court determined (p. 207) that "The definite specification of a maximum and minimum in every case is not contradicted in any way by these legislative suggestions as to what may be deemed reasonable allowances in cases falling within the prescribed limitations. See *Westermann v. Dispatch Printing Co.*, 249 U. S. 100, 106, 109. If, as applied to musical compositions, the provisions of the entire section have proved unreasonable, the remedy lies with Congress. Question II is answered in the affirmative''.

In *Douglas v. Cunningham*, 294 U. S. 207, 209, the Court in referring to former § 25(b) said:

“The phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties, and to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits. In this respect the old law was unsatisfactory. In many cases plaintiffs, through proving infringement, were able to recover only nominal damages, in spite of the fact that preparation and trial of the case imposed substantial expense and inconvenience. The ineffectiveness of the remedy encouraged wilful and deliberate infringement.”

The Court, in accord with its prior determination in *Westermann Co. v. Dispatch Printing Co. and Jewell-LaSalle Realty Co. v. Buck*, *supra*, held (p. 210):

“This court has twice construed § 25 (b) in the light of its history and purpose. *Westermann Co. v. Dispatch Printing Co.*, 249 U. S. 100; *Jewell-LaSalle Realty Co. v. Buck*, 283 U. S. 202. As shown by those decisions, the purpose of the act is not doubtful. The trial judge may allow such damages as he deems to be just and may, in the case of an infringement such as is here shown, in his discretion, use as the measure of damages one dollar for each copy,—Congress declaring, however, that just damages, even for the circulation of a single copy, cannot be less than \$250, and no matter how many copies are made, cannot be more than \$5000. In the *Westermann* and *LaSalle* cases it was held that not less than \$250 could be awarded for a single publication or performance. It follows that such an award, in the contemplation of the statute, is just.”

In the instant case, the District Court in misconstruing *Douglas v. Cunningham, supra*, concluded directly to the contrary, that the "in lieu" provision was only applicable in "cases which presented impossibility of proof" as to both "damages and profits", and accordingly that in the absence of proof of actual damages "proof of profits" will obviate the necessity for resort to the "in lieu" provision (C. 4, 5).

Buck v. Bilkie, 63 F. 2d 447 (9 Cir. 1933), was "an appeal by plaintiffs from so much of a decree enjoining further violation of their copyright in a musical composition as denied to them any damages or attorney's fees". This Court in citing and following *Jewell-La Salle Realty Co. v. Buck, supra*, specifically held, in accord with the prior uniform determination of the Supreme Court, that "In the absence of proof of actual damages, an award of at least \$250 damages is mandatory. *Jewell-La Salle Realty Co. v. Buck*, 283 U. S. 202, 51 S. Ct. 407, 75 L. Ed. 978, construing 17 U.S.C. § 25(b), 17 U.S.C.A. § 25(b) the Copyright Act § 25(b)". Accordingly, the decree of the District Court was "modified by adding thereto an award of the statutory minimum of \$250 damages, in addition to the costs".

The following subsequent determinations of District Courts in this Circuit, are in accord with the foregoing determination of this Court.

Doll v. Libin, 17 F. Supp. 546, 548 (D. Montana, 1936);

Towle v. Ross, 32 F. Supp. 125, 128 (D. Oregon, 1949).

The determination of the Court of Appeals, Eighth Circuit, has been uniformly in accord with the foregoing determination of this Court.

The leading case is *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, 102 F. 2d 282, 283 (8 Cir.), cited *supra*, wherein the court said:

“Finally appellants contend that plaintiff’s recovery should have been limited to the amount of the actual profit made on the transaction by the defendants. In answer to an interrogatory propounded by plaintiff the defendants stated their total net profit to have been \$5.10. It is their claim that the court was limited by the statute to assessing damages in that sum.”

* * * * *

“No proof of actual damages was offered or received on the trial, and the court made no finding on that subject. Under these circumstances it is well settled that the discretion of the trial court in assessing statutory damages instead of actual damages is not reviewable. *Douglas v. Cunningham*, 294 U. S. 207, 55 S. Ct. 365, 79 L. Ed. 862. And in the absence of proof of both actual damages and profits the trial court is required to award the minimum statutory sum of \$250. *Westerman Co. v. Dispatch Printing Co.*, 249 U. S. 100, 39 S. Ct. 194, 63 L. Ed. 499; *Jewell-La Salle Realty Co. v. Buck*, 283 U. S. 202, 51 S. Ct. 407, 75 L. Ed. 978; *Douglas v. Cunningham*, *supra*.”

In *Interstate Hotel Co. v. Remick Music Corp.*, 157 F. 2d 744, 749 (8 Cir), cert. den. 329 U. S. 809, the court said to the same effect, citing and following its prior determination in *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, *supra*:

“The other assignment is that the court committed error in entering a judgment in favor of each appellee for \$250 for each infringement committed by appellants. The judgments were for the minimum amount permitted by the Copyright Act in cases of

infringement where actual damages were not established. *Buck v. Jewell-LaSalle Realty Co.*, *supra*; *Johns & Johns Printing Co. v. Paull-Pioneer Music Corporation*, 8 Cir., 102 F. 2d 282.”

In *Advertisers Exchange v. Hinkley*, 199 F. 2d 313, 315, 316 (8 Cir.), cert. den. 344 U. S. 921, the court said to the same effect, after quoting the pertinent part of its prior determination in *Johns & Johns Printing Co. v. Paull-Pioneer Music Corp.*, *supra*:

“The ‘in lieu’ provision of the statute is not to accomplish the imposition of a penalty as has been assayed here, but is an ‘equitable substitute for cases which present difficulty or impossibility of proof as to damages and profits’. *Malsed v. Marshall Field Co.*, D. C., 96 F. Supp. 372, loc. cit. 377.”

In *Wihtol v. Crow*, 309 F. 2d 777, 780, 783 (8 Cir.), the action had likewise been dismissed on the merits and defendants awarded an attorney’s fee, because of the alleged wrongful procedure of plaintiffs in endeavoring to induce defendants to comply with their purportedly unjust demands. The appellate court, in reversing and remanding the case for further proceedings in accord with its opinion, said:

“Damages, within the statutory limits, must be allowed by the trial court, which must also determine the question of whether any attorneys’ fees shall be added to costs.”

To the same effect:

Universal Statuary Corporation v. Gaines, 310 F. 2d 647, 648 (5 Cir.):

“The appeal is from that part of the final judgment limiting the amount of damages to \$250, appellant contending that the District court erred in failing and

refusing to award damages in an amount not less than \$250 nor more than \$5,000 for each of the thirteen separate and distinct copyrights which the court found to be infringed. The appeal is meritorious. The governing statute is clear.

“The Supreme Court has so held in a multiple-copyright infringement case, *L. A. Westermann Company v. Dispatch Printing Company*, 1919, 249 U. S. 100, 73 S. Ct. 225, 97 L. Ed. 280, and has also held that the discretion of the trial court in assessing such damages as appear just is limited by the statutory minimum of \$250 and maximum of \$5,000. *Westermann, supra*; *Jewell-LaSalle Realty Company v. Buck*, 1931, 283 U. S. 202, 73 S. Ct. 226, 97 L. Ed. 281; *Douglas v. Cunningham*, 1935, 294 U. S. 207, 73 S. Ct. 224, 97 L. Ed. 280; and *F. W. Woolworth Company v. Contemporary Arts, Inc.*, 1952, 344 U. S. 228, 73 S. Ct. 222, 97 L. Ed. 276.”

The District Court herein concluded that if “Either profits or damages are ascertainable, the minimum provided for in the ‘in lieu’ provision need not be resorted to”, citing *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390 (R. 232, par. 4). That case has no possible application. The Court said that the District Court had “confirmed with slight modifications the report of a special master which awarded to petitioners all the net profits made by respondents from the exhibitions of the motion picture, amounting to \$587,604.37 . . . The Circuit Court of Appeals reversed, holding that there should be an apportionment and fixing petitioners’ share of the net profits at one-fifth . . . In view of the importance of the question, which appears to be one of first impression in the application of the copyright law, we granted certiorari” (pp. 396, 397). Accordingly, the \$250 statutory minimum had no application, the only question being one of apportionment.

The District Court herein concluded that "It is a matter of judicial discretion as to whether or not it is more just that recovery be based upon proven profits of the defendant and damages to the plaintiff, or within the statutory limits", citing *F. W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U. S. 228 (R. 233, par. 6). That case has no application as the profits were in excess of the statutory minimum. The sole question was, if the profits are in excess of the statutory minimum, does the court have discretion to award a larger sum not in excess of the statutory maximum. In this respect the Court said (pp. 231, 233):

"Petitioner's contention here is that the statute was misapplied because its own gross profit of \$899.16 supplied an actual figure which became the exclusive measure of its liability. It argues that an infringing defendant, by coming forward with an undisputed admission of its own profit from the infringement, can tie the hands of the court and limit recovery to that amount. We cannot agree."

* * * * *

"If we sustain petitioner's contention that profits may be the sole measure of liability as matter of law, such profits could be diminished even to the vanishing point."

* * * * *

"Moreover, a rule of liability which merely takes away the profits from an infringement would offer little discouragement to infringers. It would fall short of an effective sanction for enforcement of the copyright policy. The statutory rule, formulated after long experience, not merely compels restitution of profit and reparation for injury but also is designed to discourage wrongful conduct."

Likewise, the interpretation by the Court of its prior determination in *Sheldon v. Metro-Goldwyn Pictures Corp.*, is

at complete variance with that of the District Court herein (referred to *supra*), the Court saying with respect thereto (p. 234) :

“Petitioner cites *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 399, where this Court said that the ‘in lieu’ clause ‘is not applicable here, as the profits have been proved and the only question is as to their apportionment,’ a statement on which petitioner leans almost its whole weight. There net profits from exhibition of an infringing picture were found to be \$587,604.37. . . . The Court of Appeals cut the award of these actual profits to one-fifth thereof, upon the ground that success of the picture had been largely due to factors not contributed by the infringement. The propriety of this reduction was the sole issue before this Court.”

As the court said in *Amsterdam Syndicate v. Fuller*, 154 F. 2d 342, 343 (8 Cir.) :

“The fact that the demand of the plaintiffs appears in this case to be harsh and unreasonable can make no difference. The ‘in lien’ provisions of the statute under which the action is brought are, in contemplation of law, ‘just,’ *Douglas v. Cunningham*, 294 U. S. 207, 55 S. Ct. 365, 79 L. Ed. 862; and if in fact the awards compelled by the statute are ‘unjust’ and unreasonable ‘the remedy lies with congress,’ and not with the courts. *Jewell-LaSalle Realty Co. v. Buck*, 283 U. S. 202, 51 S. Ct. 407, 75 L. Ed. 978. See, also, *Westermann Co. v. Dispatch Printing Co.*, 249 U. S. 100, 39 S. Ct. 194, 63 L. Ed. 499; *Buck v. Jewell-LaSalle Realty Co.*, 8 Cir., 51 F. 2d 730; and *Johns & Johns Printing Co. v. Paull-Pioneer Music Corporation*, 8 Cir., 102 F. 2d 282.”

All of the cases cited and followed therein are cited *supra*.

CONCLUSION

It is therefore respectfully submitted that the judgment should be reversed and that the plaintiff-appellant should recover the statutory minimum of \$250, for the infringement of each of its twelve musical compositions.

Respectfully submitted,

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APPENDIX A

§ 1. EXCLUSIVE RIGHTS AS TO COPYRIGHTED WORKS.—Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work;

(b) . . . to arrange or adapt it if it be a musical work.

APPENDIX B

§ 101. INFRINGEMENT.—If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:

(a) INJUNCTION.—To an injunction restraining such infringement;

(b) DAMAGES AND PROFITS; AMOUNT; OTHER REMEDIES.—To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated, . . . and such damages shall in no other case exceed the sum of \$5,000 nor be less than the sum of \$250, and shall not be regarded as a penalty.